The Myanmar Investment Commission

Union of Myanmar
Form (2)
Sr No 2365
Dated 19·11·2006
Myanmar Investment Commission

PERMIT

Permit No. 409/2006 *Date* 19th NOVEMBER, 2006

The Myanmar Investment Commission issues this Permit under Section 10 of the Union of Myanmar Foreign Investment Law -

(a) Name of Promoter DIRECTOR GENERAL, ENERGY PLANNING DEPARTMENT

(b) Citizenship MYANMAR

(c) Address BUILDING NO.6, NAY PYI TAW, MYANMAR

(d) Name and address of principal organization MINISTRY OF ENERGY BUILDING NO.6, NAY PYI TAW, MYANMAR

(e) Place of incorporation GAIL BHAVAN, 16, BHIKAIJI CAMA PLACE, R.K PURAM, RING ROAD, NEW DELHI 110066, INDIA

(f) Type of business in which investment is to be made CRUDE OIL AND NATURAL GAS EXPLORATION AND PRODUCTION

(g) Place (s) at which investment is permitted BLOCK A-7 RAKHINE OFFSHORE AREA

(h) Amount of foreign capital US $ 47.50 MILLION

(i) Period for bringing in foreign capital 2006 TO 2012

(j) Total amount of capital (Kyat) EQUIVALENT IN KYAT OF US $ 47.50 MILLION

(k) Permitted duration of investment 6 YEARS

(l) Name of the economic organization to be formed in Myanmar GAIL(INDIA)LIMITED AND SILVER WAVE ENERGY PTE LTD(SINGAPORE)

Chairman

The Myanmar Investment Commission

ပြည်ထောင်စုမြန်မာနိုင်ငံတော် (၂) စာအမှတ် ၂၃၉ နေ့စွဲ ၁၉.၁၁.၂၀၀၆ မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်

မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်

ခွင့်ပြုမိန့်

ခွင့်ပြုမိန့်အမှတ် ၄၀၉/၂၀၀၆ ၂၀၀၆ ခုနှစ်၊ နိုဝင်ဘာ လ ၁၉ ရက်။

ပြည်ထောင်စုမြန်မာနိုင်ငံတော် နိုင်ငံခြားရင်းနှီးမြှုပ်နှံမှု ဥပဒေပုဒ်မ ၁၀ အရ ဤခွင့်ပြုမိန့်ကို မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှု ကော်မရှင်က ထုတ်ပေးလိုက်သည် -

(က) ကမကထပြုသူ၏အမည် ညွှန်ကြားရေးမှူးချုပ်၊ စွမ်းအင်စီမံရေးဦးစီးဌာန

(ခ) မည်သည့်နိုင်ငံသား မြန်မာ

(ဂ) နေရပ်လိပ်စာ ရုံးအမှတ်(၆)၊ နေပြည်တော်

(ဃ) ပင်မအဖွဲ့အစည်းအမည်နှင့်လိပ်စာ စွမ်းအင်ဝန်ကြီးဌာန
ရုံးအမှတ်(၆)၊ နေပြည်တော်

(င) ဖွဲ့စည်းရာအရပ် GAIL BHAVAN,16,BHIKAIJI CAMA PLACE,
R.K PURAM,RING ROAD, NEW DELHI 110066, INDIA

(စ) ရင်းနှီးမြှုပ်နှံမှုပြုလုပ်မည့်လုပ်ငန်းအမျိုးအစား ရေနံစိမ်းနှင့်သဘာဝဓာတ်ငွေ့
ရှာဖွေတူးဖော်ခြင်းနှင့်ထုတ်လုပ်ခြင်း လုပ်ငန်း

(ဆ) ရင်းနှီးမြှုပ်နှံမှုပြုလုပ်ခွင့်ပြုသည့်အရပ်ဒေသ(များ) လုပ်ကွက်အမှတ် A-7
ရခိုင်ကမ်းလွန်ဒေသ

(ဇ) နိုင်ငံခြားမတည်ငွေရင်း အမေရိကန်ဒေါ်လာ (၄၇.၅၀) သန်း

(ဈ) နိုင်ငံခြားမတည်ငွေရင်းယူဆောင်လာရမည့်ကာလ ၂၀၀၆ ခုနှစ်မှ ၂၀၁၂ ခုနှစ်
အထိ

(ည) စုစုပေါင်း မတည်ငွေရင်း ပမာဏ(ကျပ်) အမေရိကန်ဒေါ်လာ(၄၇.၅၀)သန်း
နှင့်ညီမျှသောမြန်မာကျပ်ငွေ

(ဋ) ရင်းနှီးမြှုပ်နှံခွင့်ပြုသည့်သက်တမ်း ၆ နှစ်

(ဌ) မြန်မာနိုင်ငံတွင် ဖွဲ့စည်းမည့် စီးပွားရေးအဖွဲ့အစည်းအမည်
GAIL (INDIA) LIMITED AND SILVER WAVE ENERGY
PTE LTD (SINGAPORE)

ဥက္ကဋ္ဌ
မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်

GOVERNMENT OF THE UNION OF MYANMAR

MYANMAR INVESTMENT COMMISSION

Our ref : Ya Ka-1/Na- 579 /2006(2365)
Dated : 19th November 2006.

Tel: 067-406334,406075
Fax: 95-67-406333

Subject : Decision of the Myanmar Investment Commission on the Proposal for"Crude Oil and Natural Gas Exploration and Production" under the name of "GAIL(India) Limited & Silver Wave EnergyPteLtd(Singapore)".

Reference: Ministry of Energy, Letter No. 008/722/Hta dated(28.10.2006).

1. The Myanmar Investment Commission, at its meeting (37/2006) held on (31 - 10 -2006), had reviewed the proposals for investment in "Crude Oil and Natural Gas Exploration and Production" for Block A-7, Rakhine Offshore Area under the name of "GAIL(India)Limited and Silver Wave Energy Pte Ltd(Singapore)" pursuant to the Production Sharing Contract to be signed between Myanma Oil and Gas Enterprise and GAIL(India)Limited and Silver Wave Energy Pte Ltd(Singapore). After careful review, it was deliberated that the proposed project be approved in principle for implementation and the proposal be submitted to the Cabinet meeting for final approval.

2. The Cabinet, at its meeting (40/2006) held on (16-11-2006), resolved to permit the implementation of the said project. Hence, the "Permit" is herewith issued in accordance with Chapter VI, Section 10 of the Union of Myanmar Foreign Investment Law and Chapter VI, Rule 13 of the Procedures relating to the said Law. Terms and conditions to the "Permit" are stated in the following paragraphs.

3. The permitted duration of the project shall be an initial term of 20(Twenty) years, comprising 12(Twelve) months for study period and 3(Three)years for the exploration period and 2 (Two) years for the extension of the exploration period.

4. GAIL(India)Limited and Silver Wave Energy Pte Ltd(Singapore) shall pay royalty to the Government equal to 10%(Ten) percent of the value of Available Petroleum from the Contract Area.

5. GAIL(India)Limited and Silver Wave Energy Pte Ltd(Singapore) shall pay a Data Fee to the amount of US$ 260,000 (United States Dollars Two Hundred and Sixty Thousand Only) to Myanma Oil and Gas Enterprise within 30(Thirty) days after Signing of the Contract.

6. GAIL(India)Limited and Silver Wave Energy Pte Ltd(Singapore) shall pay to the amount of US$ 2600,000 (United States Dollars Two Million and Six Hundred Thousand Only) as Signature Bonus within 30(Thirty) days after entering the First Exploration Period.

7. Production Split between Myanma Oil and Gas Enterprise and GAIL(India)Limited and Silver Wave Energy Pte Ltd(Singapore) and shall be allocated for Development and Production Area as follows:-

Crude Oil

Water Depth 600 feet or less

BOPD	MOGE(%)	CONTRACTOR(%)
0 – 25,000	70	30
25,001 – 50,000	75	25
50,001 – 100,000	80	20
100,001 – 150,000	85	15
Above 150,000	90	10

Water Depth more than 600 feet

BOPD	MOGE(%)	CONTRACTOR(%)
0 – 25,000	60	40
25,001 – 50,000	65	35
50,001 – 100,000	75	25
100,001 – 150,000	80	20
Above 150,000	90	10

Natural Gas

Water Depth 600 feet or less

MMCFD	MOGE(%)	CONTRACTOR(%)
1 - 300	65	35
301 – 600	75	25
601 – 900	85	15
Above 901	90	10

Water Depth more than 600 feet

MMCFD	MOGE(%)	CONTRACTOR(%)
1 - 300	60	40
301 – 600	70	30
601 – 900	80	20
Above 901	90	10

8. GAIL(India)Limited and Silver Wave Energy Pte Ltd(Singapore) shall pay Production Bonus to Myanma Oil and Gas Enterprise with respect to each Crude Oil and Natural Gas development and production area as follows:

Productution Bonus

Crude Oil

At BOPD	US$(Million)
Upon approval of Development Plan	1.00
25,000	2.00
50,000	3.00
100,000	4.00
150,000	5.00
200,000	10.00

Natural Gas

At MMCFD	US$(Million)
Upon approval of Development Plan	1.00
300	4.00
600	5.00
900	10.00

9. After the commencement of commercial production of Crude Oil, GAIL (India) Limited and Silver Wave Energy Pte Ltd(Singapore) shall fulfill as its obligation 20%(Twenty) percent of Crude Oil and 25% (Twenty Five) percent of Natural Gas toward the supply of the domestic Crude Oil and Natural Gas market in Myanmar. Myanma Oil

and Gas Enterprise shall pay the price equivalent of 90%(Ninety) percent of the Fair Market Values.

10. GAIL (India) Limited and Silver Wave Energy Pte Ltd(Singapore) shall provide Training Fund to the amount of US$ 50,000(United States Dollars Fifty Thousand Only) per annum for Exploration Period and US$ 100,000(United States Dollars One Hundred Thousand Only) per annum for Development and Production Period shall also provide Research and Development Fund to the amount of 0.5%(Zero Point Five) percent of its share of profit Petroleum in favour of Myanma Oil and Gas Enterprise.

11. GAIL (India) Limited and Silver Wave Energy Pte Ltd(Singapore) is liable to pay the Government the following tranches out of the net profit made on the sale or transfer of the shares in the Company.

(a)	If the amount of Net Profit is up to and including US$ 100 million (United States Dollars One Hundred Million Only)	40%
(b)	If the amount of Net Profit is between US$ 100 million and US$ 150 million (United States Dollars One Hundred Million Only and United States Dollars One Hundred and Fifty Million Only)	45%
(c)	If the amount of Net Profit is over US$ 150 million (United States Dollars One Hundred and Fifty Million Only)	50%

12. In issuing this "Permit", the Commission has granted the following exemptions and reliefs:

(a) As per Section – 21(e), GAIL (India) Limited and Silver Wave Energy Pte Ltd (Singapore) shall have the right to pay income-tax payable to the State on behalf of foreigners who have come from abrod and are employed for the project.

(b) As per Section – 21(f), the Commission has also approved the right to pay income of the above- mentioned foreigners at the rates applicable to the citizens residing within the country.

(c) As per Section -21(i) and (j), exemption from customs duty and all other internal taxes on machinery, equipment, instruments, machinery components, spare parts and materials used in the business, which they are imported as they are actually required, and also on such raw materials imported during the period of exploration.

13. GAIL (India) Limited and Silver Wave Energy Pte Ltd(Singapore) shall have to sign the Production Sharing Contract with Myanma Oil and Gas Enterprise. After signing such Agreement, (5) copies each of those shall have to be forwarded to the Commission.

14. GAIL (India) Limited and Silver Wave Energy Pte Ltd(Singapore) in consultation with the Department of Company Administreation, Directorate of Investment and Company Administration shall have to be registered. After registration, (5) copies each of Certificate

of Incoporation and Memorandum and Articles of Association shall have to be forwarded to the Commission.

15. GAIL (India) Limited and Silver Wave Energy Pte Ltd(Singapore) shall use its best efforts for timely realization of works stated in the Proposal. If none of such works has been commenced within one year from the date of issue of this "Permit", it shall become null and void.

16. The official date of operation shall be reported to the Commission.

17. GAIL (India) Limited and Silver Wave Energy Pte Ltd(Singapore) shall endeavour to meet the targets for Exploration and Productuion of Petroleum stated in the proposal as the minimum target.

18. The Commission approves periodical appointments of foreign experts and technicians from abroad as per proposal. GAIL (India) Limited and Silver Wave Energy Pte Ltd(Singapore) shall have to consult with Directorate of Labour, Ministry of Labour for appointment of such foreign experts and technicians.

19. In order to evaluate foreign capital in terms of Kyats and for the purpose of its registration in accordance with the provision under Section-24 of the Union of Myanmar Foreign Investment Law, it is compulsory to report as early as possible in the following manner:-

(a) the amount of foreign currency brought into Myanmar, attached with the necessary documents issued by the respective bank where the account is opened;

(b) the detailed lists of the type and value of foreign capital defined under Section-2(h) of the said Law, other than foreign currency, to the Chairman, Foreign Capital Evaluation Committee.

20. Whenever GAIL (India) Limited and Silver Wave Energy Pte Ltd(Singapore) brings in foreign capital defined under Section-2(h) of the said Law, other than foreign currency in the manner stated in paragraph 19(b) mentioned above, the Inspection Certificate endorsed and issued by an internationally recognized Inspection Firm with regard to quantity,quality and price of imported materials shall have to be attached.

21. After all types of foreign capital (foreign currency and other types of foreign capital) have been brought into Myanmar, a report shall have to be submitted to the Commission as prescribed, vide letter No. Na-Ya 9/101/92(416) dated 3-12-92 [Annexure (1)]

22. GAIL (India) Limited and Silver Wave Energy Pte Ltd(Singapore) shall report to the Commission of any alteration in the physical and financial plan of the project. Cost over run, over and above the investment amount pledged in both local and foreign currency shall have to be reported as early as possible.

23. GAIL (India) Limited and Silver Wave Energy Pte Ltd(Singapore) shall be responsible for the preseveration of the environment at and around the area of the project site. Hence,it shall observe the directive issued by the Commissioin vide letter No.Ya Ka-

1/139/94(0440) dated 30-6-94[Annexure(2)] to undertake all proper treatment systems and other necessary environmental control systems.

24. Payment of principal and interest of the loan(if any) as well as payment for import of raw materials and spare parts etc. shall only be made out of the official foreign exchange earnings of GAIL (India) Limited and Silver Wave Energy Pte Ltd(Singapore).

25. GAIL (India) Limited and Silver Wave Energy Pte Ltd(Singapore) in consultation with Myanma Insurance, shall effect such types of insurance defined under Chapter VIII, Rule 15 of the Procedures relating to the Union of Myanmar Foreign Investment Law.

U Thaung

(U Thaung)
Chairman

Director General
Energy Planning Department

cc:
1. Office of the Chairman of State Peace and Development Council
2. Office of the State Peace and Development Council
3. Office of the Government of the Union of Myanmar
4. Ministry of National Planning and Economic Development
5. Ministry of Finance and Revenue
6. Ministry of Commerce
7. Ministry of Energy
8. Ministry of Foreign Affairs
9. Ministry of Home Affairs
10. Ministry of Immigration and Population
11. Ministry of Labour
12. Ministry of Electric Power (2)
13. Chairman, Foreign Capital Evaluation Committee
14. Director General, Directorate of Investment and Company Administration
15. Director General, Customs Department
16. Director General, Internal Revenue Department
17. Managing Director, Myanma Oil and Gas Enterprise
18. Managing Director, Myanma Foreign Trade Bank
19. Managing Director, Myanma Investment and Commercial Bank
20. Managing Director, Myanma Insurance
21. Managing Director, Myanma Electric Power Enterprise
22. Director General, Directorate of Trade
23. Director General, Immigration and National Registration Department
24. Director General, Directorate of Labour
25. Chairman,Union of Myanmar Federation of Chambers of Commerce and Industry(UMFCCI)